



STATE BOARD OF EQUALIZATION

450 N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0080
916-322-2270 • FAX 916-324-3984
www.boe.ca.gov

BETTY T. YEE
First District, San Francisco

BILL LEONARD
Second District, Ontario/Sacramento

MICHELLE STEEL
Third District, Rolling Hills Estates

JUDY CHU
Fourth District, Los Angeles

JOHN CHIANG
State Controller

RAMON J. HIRSIG
Executive Director

STATE BOARD OF EQUALIZATION MEETING

450 N Street, Room 121, Sacramento

July 17, 2007

NOTICE AND AGENDA

Meeting Agenda (as of 10:17 a.m., 7-10-07)

[Agenda Changes](#)

[Listen Live on Tuesday, July 17, 2007](#)

Board Committee Meeting convenes at 9:30 a.m.*

Board Meeting convenes upon adjournment of the Board Committee Meeting.**

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board's Chairwoman, Ms. Yee, may modify the order of the items on the agenda.

BOARD COMMITTEE MEETING*

[Legislative Committee](#) [Ms. Chu, Committee Chairwoman+](#)

Suggestions for Sales and Use Taxes legislation to be sponsored by the Board in the first year of the 2007-2008 Legislative Session. Additional suggestions will be included on the agenda for August 2007.

➤ **2007 Legislative Proposals-Business Taxes (Sales and Use Taxes)**

- Amend Section 7093.6 of the Sales and Use Tax Law to allow the Board to compromise certain final tax liabilities of 1) businesses that are not discontinued or transferred if the final tax liability arises from transactions in which the taxpayer did not receive sales tax or use tax reimbursement, 2) persons liable for successor liability, and 3) consumers incurring a use tax liability. To the extent they are applicable, similar provisions would be incorporated into the Board-administered special taxes and fees programs.
- Amend Section 6829 of the Sales and Use Tax Law to incorporate a three-year statute of limitations from the date the Board learns that an entity has terminated for issuing a deficiency determination against corporate officers and other responsible persons.

➤ **Legislative Bills**

Recommendation for Board Positions

- SB 111 (Ashburn & Migden): Property Tax-Seismic Retrofitting
- SB 559 (Kehoe): Property Tax: Change in Ownership Exclusion
- AB 83 (Lieber): Property Tax: State-County Property Assessment and Revenue for Education Funding Program (PARE)
- AB 402 (Ma): Property Tax: Change in Ownership Exclusion

For Discussion Only

- SB 1024 (Kehoe): Emergency Telephone User Surcharge: Clean up
- AB 231 (Eng): Emergency Telephone User Surcharge: Basis

BOARD MEETING**

ORAL HEARINGS

A. Homeowner and Renter Property Tax Assistance Hearing
(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

A1. ~~Laura J. Cowings, 340623~~
For Claimant: ~~Laura J. Cowings, Taxpayer~~
For Franchise Tax Board: ~~Lisa Lawson, Administrator II~~

B. Corporate Franchise and Personal Income Tax Hearings
(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

B1. Cynthia Garofalo, 383332
For Appellant: Cynthia Lynn Garofalo, Taxpayer
Bruce Dale Garofalo, Witness
For Franchise Tax Board: Suzanne Small, Tax Counsel

B2. Helen Arbini and Jerrold E. Arbini, 255904
For Appellant: Jerrold Arbini, Taxpayer
Michael P. Casterton, Attorney
For Franchise Tax Board: Bruce Langston, Tax Counsel

B3. Donald E. Schrock and Lucie Kay Schrock, 341970
For Appellant: Donald E. Schrock, Taxpayer
Lucie Kay Schrock, Taxpayer
Carol P. Schaner, Attorney
For Franchise Tax Board: Suzanne Small, Tax Counsel

B4. John I. Alioto and Linda M. Alioto, 204713
For Appellant: John I. Alioto, Taxpayer
For Franchise Tax Board: Bruce Langston, Tax Counsel

C. Sales and Use Tax Appeals Hearings

These items are scheduled for the afternoon session.

There are no items for the following matters:

- D. Special Taxes Appeals Hearings
- E. Property Tax Appeals Hearings
- F. Public Hearings

G. Tax Program Nonappearance Matters – Consent

(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

G1 Legal Appeals MattersMr. Levine

- Petitions for Rehearing
 1. Asher Shaitrit, 198549 (ET)
 2. ~~Robert Warren Rosenbaum, 331543 (KHO)~~
- Hearing Notice Sent – No Response
 3. Kin Shaw Wong, 301272 (KH)
 4. Gbone, Inc., 310590 (UT)
 5. Apline Mountain Homes, Inc., 288136 (KHM)
- Petitions for Release of Seized Property
 6. Mohamed Abdo S. Sharif, 396002 (ET)
 7. R & V Enterprises, Inc., 395040 (ET)
 8. Mercedes Perez Robles, 397909 (ET)

G2 Franchise and Income Tax MattersMs. Kelly

- Decisions
 1. Hanoch Bental, 361460
 2. Steven Booth, 353622
 3. John Buerger, 353717
 4. Kung-Ming Chiu, 332187
 5. Jimmie Ray Cox, 346817
 6. Christopher W. Farnham, 361193
 7. Frances M. Gleason, 350468
 8. Del Goetz, 328907
 9. Christina Hanzel, 346375
 10. Francine Hiebert, 346210
 - Theodore Hiebert, 352132
 11. Robert Dean Hines, 353727
 12. Bradley Kastle, 349312
 13. John David Konye, 356970
 14. Thomas W. Kulp, 335780
 15. Richard B. Love, 349306
 16. Kerry O'Deay, 317612
 17. R.E.A., LLC, 350079
 18. Jonathan Reyes, 362323
 19. Teresa Ruvalcaba, 354291
 20. Estate of Toshiyuki Omote (Deceased), 249575
 21. Sheral A. Vandyke, 377373

- 22. James Wagner, 342994
- 23. James T. Wandrey, 351688
- 24. Lloyd Yost, 281156
- Joy Rippeth, 304640
- Petitions for Rehearing
- 25. Alfred J. Antonini, 283987
- 26. John Buerger, 300340
- 27. James C. Ross, 311707
- 28. Donnie Schroeder, 332676

G3 Homeowner and Renter Property Tax

Assistance Matters.....Ms. Kelly

- Decisions
 - 1. Julie Berg, 334817
 - 2. John D. Bray, 379685
 - 3. Tuyet T. Dang, 373267
 - 4. Alice Joseph Derkrikorian, 374557
 - 5. Timothy Eldridge, 378579
 - 6. Petronila P. Fernandez, 373093
 - 7. Taunya Gaitan, 345942
 - 8. Sang N. Hoang, 373213
 - 9. Eddie James, 378576
 - 10. James Jewell, 378770
 - 11. Myung Joo Jung, 374512
 - 12. Dukye Lim, 374438
 - 13. Agustina M. Macasieb, 377349
 - 14. Victor Magallanez, 373092
 - 15. Richard Pruitt, 374319
 - 16. Sajjad Riyaz, 349075
 - 17. Kuang Chin Wan, 378581
- Petition for Rehearing
 - 18. Jean Day, 348949

G4 Sales and Use Taxes MattersMs. Henry

- Redeterminations
 - 1. I.S.W., Inc., 356502 (AS)
 - 2. Contract Hardware, Inc., 253692 (OHA)
 - 3. Donahue & Associates Int'l, Inc., 354584 (OHA)
 - 4. Nexl, Inc., 381888 (OHB)
- Relief of Penalty/Interest
 - 5. Richemontnorth America, Inc., 399543 (OHB)
 - 6. Walt Disney World Company, 399527 (EA)
- Denials of Claims for Refund
 - 7. Ericsson, Inc., 399663 (OHC)
 - 8. Transouth Financial Corporation, 308884 (OHB)

G5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds..... Ms. Henry

➤ Refunds

1. 525 Studios, Inc., 397215 (AS)
2. S.W. School Supply, Inc., 394230 (EH)
3. Bakersfield Memorial Hospital, 397742 (ARH)
4. Yeager Skanska, Inc., 354446 (EH)
5. Scripps Health, 361682 (FH)
6. Southwest Traders Incorporated, 388617 (EH)
7. Penske Truck Leasing Company, L.P., 374794 (OHB)
8. Mercedes Benz USA, LLC., 387704 (KH)
9. Hawaiian Gardens Card Club, Inc., 397181 (AA)
10. Trench Limited, 393427 (OHA)
11. Fujitsu Computer Systems Corporation, 316138 (GH)
12. Sierra Central Credit Union, 262339 (KH)
13. Ericsson, Inc., 267916 (OHC)
14. Arcadia Financial LTD., 382211 (OHB)
15. Transouth Financial Corporation, 305188 (OHB)
16. Delaware G3 Enterprises, Inc., 389759 (KH)
17. Barry Callebaut USA LLC, 351499 (OHB)
18. RI Heritage Inn of San Bernardino, 399923 (OHA)
19. High Desert Federal Credit Union, 378912 (EH)

G6 Special Taxes Matters Ms. Bartolo

➤ Redeterminations

1. Webb Oil, Inc., 244367 (MT) – “CF”
2. Desert Grocers, Inc., 168288 (ET)
3. Maria Juana Chavez, 222501(ET)

➤ Denials of Claim for Refund

4. Ashok V. Parmar, 339011 (ET)
5. Ashok V. Parmar, 339012 (ET)
6. Ashok V. Parmar, 339013 (ET)
7. Ashok V. Parmar, 339015 (ET)

G7 Special Taxes Matters – Credits, Cancellations, and Refunds..... Ms. Bartolo

➤ Credit and Cancellation

1. Shell Martinez Refining Company, 402395 (MT) – “CF”

➤ Refunds

2. Shell Martinez Refining Company, 333748 (MT) – “CF”
3. Bel Air Mart, 379480 (ET)

There are no items for the following matters:

G8 Property Tax Matters

G9 Cigarette License Fee Matters

G10 Legal Appeals Property Tax Matters

H. Tax Program Nonappearance Matters – Adjudicatory
(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

H1 Legal Appeals MattersMr. Levine

- Petition for Rehearing
 1. B & R Industries, Inc. 254513 (EA)
- Cases Heard But Not Decided
 - 2a. Fakheri, Inc., 269581 (AC)
 - 2b. Comm Club LLC, 269579 (AC)
 3. DC Motors, LLC 285802 (EA)
 4. Carpet U.S.A. Ltd., 299501 (AS)
 5. Elier Rivera, 259745 (AA)
 6. Parquette Industries, Inc., 283835 (JHF)
 7. General Electric Capital Corporation, 104862 (OHA)
- Matter for Board Consideration
 8. Sierra Railroad Company, 287920, 288213 (JHF)

H2 Franchise and Income Tax MattersMs. Kelly

- Opinion
 1. Benjamin R. Du, 339310
- Decisions
 2. Tonya Harris, 351399
 3. Walter J. Kubon Jr., 337056
- Petitions for Rehearing
 4. John Tu, 286420
 - David Sun, 286421
 - Kingston Technology Corporation, 288052

There are no items for the following matters:

- H3 Homeowner and Renter Property Tax Assistance Matters
- H4 Sales and Use Taxes Matters

H5 Sales and Use Taxes Matters – Credits, Cancellations, and RefundsMs. Henry

- Refund
 1. Cisco Systems Capital Corporation, 373491 (GH)

There are no items for the following matters:

- H6 Special Taxes Matters
- H7 Special Taxes Matters – Credits, Cancellations, and Refunds
- H8 Property Tax Matters
- H9 Cigarette License Fee Matters
- H10 Legal Appeals Property Tax Matters

I. Tax Program Nonappearance Matters(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)**I1 Property Taxes Matters Mr. Siu**

- Audits
 1. AccessLine Communications Corporation (7887) – “CF”
- Unitary Escaped Assessments
 2. (a) Helio, LLC (2774) – “CF”
 - (b) VizAbility Communications, Inc. (7964) – “CF”
- Nonunitary Escaped/Excessive Assessments
 3. Union Pacific Railroad Company (843) – “CF”
- Private Railroad Car Tax Refunds
 4. (a) Kennecott Utah Copper Corporation (611) – “CF”
 - (b) Catalyst & Chemical Containers Alberta, Inc., (6411) – “CF”

I2 Offers-in-Compromise RecommendationsMs. Ograd

1. Grigor Tserunian
2. Joan Femino
3. Steven and Sharon Self

BOARD MEETING RECONVENES AT 1:30 P.M.****ORAL HEARINGS****C. Sales and Use Tax Appeals Hearings**

(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

- ~~C1. Johnny Quik Food Stores, Inc., 303702 (KH)~~
~~For Claimant: Nishan Kochian, Representative~~
~~For Department: Christine Bisauta, Tax Counsel~~
- C2. Ed Emadi, Inc., 249588, 273019 (GH)
 For Petitioner: Hedayat Emadi, Taxpayer
 Dennis Perez, Attorney
 Michel Stein, Attorney
 Massoud Roudpeyma, Witness
 Wendy Hamett, Witness
 Kam Ashtiani, Witness
 For Department: Robert Tucker, Tax Counsel
- C3. RV With Me, Inc., 298346 (UT)
 For Petitioner: Dan Gamel, Taxpayer
 For Department: Sharon Jarvis, Tax Counsel

- C4. Rogelio G. Cisneros, 343638 (GH)
 For Petitioner: Rogelio Cisneros, Taxpayer
 Cindy Ho, Attorney
 Robert Goldstein, Attorney
 For Department: Kevin Hanks, Hearing Representative
- C5. Marcella Maria Rosales, 308469 (KH)
 For Petitioner: Marcella Rosales, Taxpayer
 For Department: Carla Caruso, Tax Counsel

Local Tax Reallocation Hearing

- C6. City of Brisbane, City of Los Angeles, City of San Diego, City of San Jose, 384183
 For Petitioner: Al Koch, Attorney, City of Brisbane
 Robert Cendejas, Attorney
- City of Los Angeles:
 For Affected Jurisdiction: Evelyn Fernandez Melone, Tax Auditor
- City of San Jose:
 For Affected Jurisdiction: David McPherson, Deputy Director of Finance
- City of San Diego
 For Affected Jurisdiction: Michael Lawson, Representative
 Julio Canizal, Supervising Economist

CHIEF COUNSEL MATTERS

- J. Rulemaking
- J1 ~~Petition to Amend Property Tax Rule 462.060, Change.....Mr. Lambert+~~
~~In Ownership Life Estates and Estates for Years~~
- J2 *Petition to Amend Property Tax Rule 325, Notice andMr. Lambert+*
Clarification of Decision
- K. Business Taxes
 There are no items for this matter.
- L. Property Taxes
- L1 *Consideration of Policy Change – Welfare ExemptionMr. Lambert+*
“Community Benefit Test” Under Revenue and Taxation
Code section 214

M. Other Chief Counsel Matters

- M1 Cooperation with Native American Tribes – Taxation of.....Mr. Lambert
Cigarettes & Tobacco Products, MSA Issues

ADMINISTRATIVE SESSION**N. Consent Agenda Mr. Evans****N1 Approval of Board Employee Retirement Resolutions+**

- Janice Anderson
- Nadene Carpenter
- Bruce E. Henline
- Richard W. McGowan
- Sharon Shiraishi
- Richard Vagg

N2 Approval of Board Meeting Minutes

- May 31, 2007+
- June 1, 2007+

N3 Approve time extensions to Alpine, Amador, El Dorado, Humboldt, Inyo, Lassen, Modoc, Monterey, Placer, San Benito, Trinity and Yuba Counties to complete and submit 2007-08 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155+**N4 Revision of the Timber and Timberland Values Manual+****O. Board Committee Reports**

- O1 Approval of Board Committee Minutes
- Legislative Committee

P. Other Administrative Matters**P1 Adoption of the 2007-08 Private Railroad Car Tax Rate – “CF” Mr. Hayes+****P2 Adoption of the 2007 Private Railroad Car Roll – “CF” Mr. Siu****P3 Adoption of the 2007 State Assessed Property Roll – “CF” Mr. Siu****P4 Executive Director’s Report..... Mr. Hirsig**

1. Multistate Tax Commission – Federation of Tax Administrators - Update
2. Updated Tax Gap Proposal–Ms. Henry/Mr. Hayes+

P5 Chief Counsel Report

There are no items for this matter.

P6 Deputy Director's Report**1. Sales and Use Tax**

There are no items for this matter.

2. Property and Special Taxes

There are no items for this matter.

3. Administration..... Mr. Gau

1. [Update on Fiscal Year 2007-2008 Budget](#)

2. [Budget Change Proposal Process for Fiscal Year 2008-2009](#)

ANNOUNCEMENT OF CLOSED SESSION..... Mr. Evans**Q. Closed Session**

- Q1. Discussion and approval of staff recommendations regarding settlement cases (Rev. & Tax. Code §§ 6901, 7093.5, 30459.1 and 50156.11)
- Q2. Pending Litigation: *Champion Broadband California, LLC (Successor in Interest to Altrio Communications, Inc.) v. California State Board of Equalization; County of Los Angeles*, Los Angeles County Superior Court Case No. BC348659 (Gov. Code § 11126(e))
- Q3. Discussion and action on personnel matters (Gov. Code § 11126(a))

ANNOUNCEMENT OF OPEN SESSION Mr. Evans**ADJOURN**

If you wish to receive this Notice and Agenda electronically, you can subscribe at www.boe.ca.gov/agenda.

If you would like specific information regarding items on this Notice and Agenda, please telephone (916) 322-2270 or e-mail: MeetingInfo@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

The hearing location is accessible to people with disabilities. Please contact Claudia Madrigal at (916) 324-8261, or e-mail Claudia.Madrigal@boe.ca.gov if you require special assistance.

Gary Evans, Acting Chief
Board Proceedings Division

- * Public comment on any committee agenda item will be accepted at the beginning of the committee meeting.
- ** Public comment on any agenda item, other than a Closed Session item or an item which has already been considered by a Board Committee, will be accepted at that meeting.
- + Material is available for this Item.
- "CF" Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.